

**Assembly Joint Resolution**

**No. 3**

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**Introduced by Assembly Member Dickinson**

February 1, 2011

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Assembly Joint Resolution No. 3—Relative to taxation.

LEGISLATIVE COUNSEL’S DIGEST

AJR 3, as introduced, Dickinson. Federal taxation.

This measure would urge Congress to extend the alternative minimum tax holiday for private activity bonds.

Fiscal committee: no.

1 WHEREAS, The federal Tax Reform Act of 1986 classified  
2 debt issued by publicly owned airports as taxable private activity  
3 bonds; and

4 WHEREAS, The application of the alternative minimum tax  
5 within the bond marketplace results in investors requiring higher  
6 interest rate premiums when airports brings debts issues to market;  
7 and

8 WHEREAS, Airport bonds must typically carry interest rates  
9 1.5 percent higher than nontaxable bonds, costing \$20 million in  
10 increased financing costs for a \$250 million airport project; and

11 WHEREAS, Congress enacted an alternative minimum tax  
12 holiday for private activity bonds resulting in increased levels of  
13 capital projects at airports nationwide; and

14 WHEREAS, Many airport capital construction projects address  
15 a combination of safety, security, and capacity requirements and  
16 will improve the efficiency of airport operations; and

1 WHEREAS, California airports are currently investing  
2 approximately \$2 billion in capital construction projects; and

3 WHEREAS, Capital investment at California airports are  
4 generating hundreds of construction and permanent employment  
5 opportunities; now, therefore, be it

6 *Resolved by the Assembly and the Senate of the State of*  
7 *California, jointly,* That the Legislature respectfully urges Congress  
8 to extend the alternative minimum tax holiday for private activity  
9 bonds to maintain strong capital investments at California airports;  
10 and be it further

11 *Resolved,* That the Chief Clerk of the Assembly transmit copies  
12 of this resolution to the President and Vice President of the United  
13 States, to the Speaker of the House of Representatives, to the  
14 Majority Leader of the Senate, and to each Senator and  
15 Representative from California in the Congress of the United  
16 States.